GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:298
ANSWERED ON:03.02.2017
NSEL Scam
Yadav Shri Jay Prakash Narayan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is committed to help investors in getting their money trapped in National Spot Exchange Limited (NSEL) scam;

(b) if so, the details thereof;

(c) whether the Government is aware that large number of investors have invested their black money in NSEL, if so, the details thereof;

(d) whether the Government proposes to ascertain that the money invested by the investors in NSEL is black money, if so, the details thereof; and

(e) whether the Government proposes to return the money of such investors who have invested their black money in NSEL, if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): Yes, Sir.

(b): The Government of India, through regular review meetings, has been constantly monitoring the action taken by the investigating and enforcement agencies into the cases of violations of laws, criminal offences and default in payments to investors on the platform of National Spot Exchange Limited (NSEL) with the objectives of the repayment of the lost money to the investors and prosecuting the offenders. Investigations and other enforcement measures are being taken by various agencies including the Economic Offences Wing, Mumbai Police (EOW), Enforcement Directorate, Securities and Exchange Board of India (SEBI), Financial Intelligence Unit−India and Ministry of Corporate Affairs.

EOW has reported that they have attached assets worth Rs. 8583.05 crores approximately under the provisions of the Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 (MPID Act). Rs. 527.19 crores have been distributed to the investors. 608 investors having invested less than Rs. 2 lakhs have been fully paid and 50% of the invested amount has been distributed to the investors, who invested between Rs. 2 and Rs. 10 lakhs.

(c) and (d): Investigations were initiated by the Income Tax Department in cases of members / brokers of NSEL and investors with substantial amounts with a view to verifying the source of investment and whether the profits arising out of such investments had been disclosed to the Income-tax authorities as per law. The results of investigation were disseminated to the jurisdictional Assessing Officers for appropriate action. Further, information on 12735 and 9589 traders / brokers, suspected to have claimed bogus bad debts / violated provisions of section 44AB of the Income-tax Act, 1961 respectively were received from NSEL in June, 2016. This information was disseminated to field authorities for appropriate action. Disclosure of information regarding specific taxpayers is prohibited except as provided under section 138 of the Income-tax Act, 1961.

Besides, Enforcement Directorate is investigating into a case in the subject matter under the provisions of Prevention of Money Laundering Act, 2002 (PMLA). During the course of investigations conducted so far, 21 Provisional Attachment Orders have been issued by the Directorate, provisionally attaching properties of Rs. 1925 Crores (approximately). The attachment orders worth Rs. 837.07 Crores have been confirmed by the Adjudicating Authority, PMLA, New Delhi. Three persons have been arrested by the Directorate, out of which one person is still in judicial custody. Two Prosecution Complaints have been filed by the Directorate in this matter.

(e): The investigation of black money does not fall under the scope of FIR of the said case filed by EOW. After liquidating all assets the Competent Authority appointed by the Government of Maharashtra proposes to return money to the investors with the consent of Special Court under MPID Act.

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